

Subject Outline: Corporate Finance

Faculty of Business, Technology and Sustainable Development

School of Business

Details

The information published in this document is intended as a guide as the University reserves the right to change its program offerings and subjects without notice. Persons considering subject enrolment should be aware that changes are possible up to and including the first week of class after which the latest version of this subject outline will be available on the subject's ilearn site.

Subject Code:	FINC13-301
Subject Title:	Corporate Finance
Prerequisites:	FINC12-200 ATTENTION STUDY ABROAD STUDENTS – BY ENROLLING IN THIS SUBJECT IT IS ASSUMED THAT YOU HAVE ALL NECESSARY PRE-REQUISITES. IF YOU ARE UNCERTAIN PLEASE SPEAK TO YOUR LECTURER OR ONE OF THE FACULTY ADVISERS FOR CLARIFICATION.
Subject Level:	Undergraduate
Year/Semester:	[101] January Semester 2010
Credit Points:	10 (USA 3 or 4, ECTS 7.5 - indicative only)
Subject Description:	This course extends material presented in Fundamentals in Finance/Managerial Finance by examining the financial decisions made by corporations with emphasis on the applied aspects of corporate finance. Advanced topics include: valuation, advanced capital budgeting issues, capital structure, dividend policy, risk and return analysis, working capital and corporate governance. Classes will involve formal lectures, class discussion and problem application sets. A “Live Case Study” (project assignment) serves to integrate many of the corporate finance topics listed here.

Contacts

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Delivery & Attendance

Timetable:	http://timetable.bond.edu.au:8010
Mode of Delivery and Teaching Schedule:	<p>In class problem applications (10%) are an essential part of this course running with some applications sessions incorporating lecture material. Homework questions are set in the applications program, and you should attempt all questions BEFORE coming to class to make this an active and interesting learning experience. In class marks will be divided among completion and discussion of assigned problems, attendance, and short quizzes. Answers to problems will be available on iLearn in the week following the in class work. Time permitting, current issues of interest may also be introduced. Any material discussed in class may be examinable. Short, in class quizzes (6%) may be held on a random basis with the best two out of three quizzes comprising this mark. The quizzes may cover material from the current week and the preceding week's material. No make-up quizzes will be permitted, and this also applies to those arriving late to class. In addition, tardiness will result in no attendance credit for that day, and repeated tardiness in attending classes will result in mark reduction penalties.</p> <p>Project Assignment (25%) – The assignment is related to corporate finance applications and represents the culmination of knowledge gained in this class. Further details will be provided in a separate handout</p> <p>Summative (i.e., graded, exam-type) Assessment: In this subject, you will have a number of summative assessment activities that will be graded and will account for 65% of your final grade for this subject.</p> <p>Exam (this exam will account for 35% of the final grade in the subject).</p> <p>Quiz I (this in-class quiz will account for 15% of the final grade in the subject).</p> <p>Quiz II (this in-class quiz will account for 15% of the final grade in the subject).</p> <p>Exam (35%) – Since most of the important concepts/calculations are covered in the first half of the course, this is the only formal exam (There is no final exam).</p> <p>Examinable content for Exam/Quizzes may cover material from text, lectures, applications, handouts.</p>
Attendance Requirements:	Attendance is taken regularly and is necessary to participate in exercises, discussions, and unannounced quizzes. In order to qualify for a deferred mid-semester exam, you must have an approved application AND you must have attended at least 75% of class meetings.

Resources

Prescribed Resources:	Damodaran, A., (2006), Applied Corporate Finance: A User's Manual, John Wiley & Sons [ISBN: 0-471-66093-0].
Additional Resources:	CALCULATOR POLICY: The Finance Department recommends that students use the TI BA II PLUS financial calculator, since it is the standard within the finance industry, and it may also be used for CFA examinations.
Use of iLearn in this Subject:	Lecture slides and additional reference materials for Corporate Finance: available on iLearn

Bond Graduate Attributes Emphasised in this Subject

1. Knowledge and Critical Thinking - Graduates have acquired a sound knowledge of their discipline and the ability to critically evaluate, manage, reflect on, integrate and apply it.
2. Communication Skills - Graduates have the skills to communicate effectively with their profession, their peers and the wider community.
3.
4.

Program Outcomes and Graduate Attributes

If you are undertaking this subject as part of a degree program you should refer to the relevant degree program outcomes and graduate attributes as they relate to this subject.

Learning Outcomes of this Subject

1. Understand and integrate the key decisions of the Financial Manager in terms of their impact on firm value
2. Analyse and estimate the firm's risk parameters and relate these to required returns
3. Evaluate the key elements of corporate governance as related to sound financial management
4. Separately analyse the capital budgeting or investment decision of the financial manager
5. Separately analyse the capital structure or financing decision of the financial manager

6. Separately analyse the dividend decision of the financial manager

Assessment

Task	Weight	Date	Intended Learning Outcomes Assessed
1. In class work 1) Class participation/attendance 2) Individual weekly problem exercises 3) Unannounced in-class quizzes	10%	Week 1 onwards	1 - 6
2. Project Assignment Further details will be provided in a separate handout	25%	Week 2 onwards	1 - 6
3. Exam Covers material up to and including Chapter 6 readings and problems (If the exam is missed for an acceptable reason and the student is meeting the 75% attendance requirement, a deferred exam will be given according to School procedures - see 'examinations' section)	35%	First Class Week 7	1 - 4
4. Quiz I Covers capital structure material up through Week 8. (No deferred assessment is available for Quiz I)	15%	First class Week 9	5
5. Quiz II Covers the material covered since Quiz I. (No deferred assessment is available for Quiz II)	15%	First class Week 12	6, 1
6. NOTE: In order to achieve a passing grade in this subject, students are required to achieve at least 50% in the exam/quiz component of the assessment.	%		
7.	%		

Assessment Criteria

High Distinction	85-100	Outstanding or exemplary performance in the following areas: interpretative ability, intellectual initiative in response to questions, mastery of the skills required by the subject, general levels of knowledge and analytic ability or clear thinking.
Distinction	75-84	Usually awarded to students whose performance goes well beyond the minimum requirements set for tasks required in assessment and who perform well in most of the above areas.
Credit	65-74	Usually awarded to students whose performance is considered to go beyond the minimum requirements for work set for assessment. Assessable work is typically characterised by a strong performance in some of the capacities listed above.

Pass	50-64	Usually awarded to students whose performance meets the requirements set for work provided for assessment.
Fail	0-49	Usually awarded to students whose performance is not considered to meet the minimum requirements set for particular tasks. The fail grade may be a result of insufficient preparation, inattention to assignment guidelines or lack of academic ability. A frequent cause of failure is lack of attention to subject or assignment guidelines.

Other Course Information

Referencing Style:	Harvard See Library Website for more information: http://www.bond.edu.au/library
Assignment Coversheet:	Further details will be provided in a separate project handout
Submissions Procedures:	Further details will be provided in a separate project handout
Policy on Late Submission, extensions and special consideration:	Penalties for late submission are noted in a separate project handout, extensions are not available and deferral of quizzes is not permitted
Policy on Plagiarism:	<p>The University Policy on Plagiarism defines plagiarism as taking and using another person's thoughts, ideas or writings and passing them off as one's own. The University considers the act of plagiarising to be academic misconduct. The University definition of plagiarism appears in Schedule B – Student Conduct Code of the Discipline Regulations:</p> <ul style="list-style-type: none"> (i) knowingly plagiarising the work of another person, including a fellow student by adapting or incorporating it in a piece of assessment without due acknowledgement; (ii) knowingly plagiarising the ideas of an author of a text by incorporating them in a piece of assessment without due acknowledgement (iii) collaborating with another student about assessable work and representing that as individual work (iv) intentionally fabricating, falsifying or mis-stating results which are reported in, or relied on for the purposes of a piece of assessment (v) submitting the same or a similar piece of work twice unless prior approval has been obtained from the coordinators of both subjects (vi) bringing unauthorised material into an examination room.
Examinations:	<p>General information and procedures : http://www.bond.edu.au/student-resources/exams-assessment/index.htm</p> <p>If the Exam is missed for an acceptable reason and the student is meeting the 75% attendance requirement, a deferred exam will be given on the designated date and may include an oral examination component.</p> <p>Mid-semester Deferred Examinations: Deferred mid-semester examinations will be conducted during the latter part of Week 9 in a central location (TBA). If you have an approved application for a deferred mid-semester exam, you will be required to be available at this time; individual times will not be arranged.</p>

Return of Assessment Material:	The first part of the project is available in Week 7 for discussion with group members, however the completed project submissions are not returned. The Exam and Quizzes I and II are not returned, although they may be reviewed by appointment or during office hours. The Exam review will be available after any deferred assessment has been completed.
Other:	In order to achieve a passing grade in this subject, students are required to achieve at least 50% in the exam/quiz component of the assessment.

Weekly Outline

Week	Topic	Description
1	Foundations of Finance, Event Studies, the Objective of Wealth Maximization, Corporate Governance	Chapters 1 and 2, Appendix 3 (and handout problems) Time Value review
2	Risk Models: Review of Finance basics: risk, security valuation	Chapters 3 and 4 (pp. 91–116) Appendix 1 (and handout problems)
3	Risk Measures and Hurdle Rates; Introduction to Investment Decisions	Chapters 4 (remainder) and Chapter 5 (pp. 161–188)
4	Investment Decisions: Measuring Project Returns and Evaluation	Chapter 5 (remainder)
5	Project Interactions, Side Costs and Benefits; Intro to Capital Structure	Chapter 6 (pp. 230 – 256) Chapter 7 (pp. 275 – 305)
6	Capital Structure I: Overview, Models and Applications	Chapters 7 (remainder) and Chapter 8 (pp. 339–358, 375–382)
7	Exam (35%)	Covers up to Week 5 inclusive
8	Capital Structure II: Optimal Capital Structure; Introduction to Dividends	Chapter 8 (remainder) and Chapter 10 (pp. 445–457)
9	Quiz I – Capital Structure (15%) Dividend Policy: Framework and Determinants	Chapters 7 & 8 Chapters 10 (remainder) and Chapter 11
10	Dividends and Imputation, Valuation	Chapters 11, 12

11	Valuation	Chapter 12
12	Quiz II (15%)	Covers dividends and valuation topics (chapters 10-12)
13	Deadline for Completed Live Case Study Projects	
14		* Dates and topical coverage are tentative and subject to change with notice ** Students are requested to read the appropriate material before the lecture.